

{As Prepared for Delivery}

**National Mutual Self Help Housing Conference
Denver, Colorado
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**Thomas C. Dorr
Under Secretary for Rural Development
Keynote Address**

Good morning and welcome.

It is a pleasure to be here today. But it is a privilege -- on behalf of President Bush, Secretary Johanns, and USDA Rural Development -- to open this conference with a heartfelt “THANK YOU” to each of you.

I know that some of you work for USDA Rural Development. I’m glad you are here.

The rest of you are our partners. Thank you for what you do to make our mission possible. We are a team.

And what we are doing -- TOGETHER -- is truly important. All of you know that or you wouldn’t be in this business to begin with.

But it bears repeating because -- in the day to day press of details and deadlines -- what makes it all worthwhile is the lives we touch.

As you can well imagine, I am called upon pretty regularly to appear at conferences, groundbreakings, dedications, and similar events around the country. This is a real privilege and an honor. It's the best part of the job.

It's appropriate for someone from Washington to attend these events because obviously the commitment and support of the President and Congress are important in many ways, and not just financially.

So I am here today as the *ex officio* "someone from Washington." But whenever I attend an event like this, I am acutely aware that most of the heavy lifting is done by YOU.

This is true across the board. Mutual Self-Help Housing is an excellent example. It's a great program. But at USDA Rural Development, we

are not just a housing agency; we are an investment bank for rural America.

This year we will invest over \$17 billion in rural housing, infrastructure, community facilities, business development and entrepreneurial activity.

And across the board, the same guiding principles apply. We are committed to a model of development that is bottoms up, not top down.

- **The goal is sustainable development.**
- **That doesn't mean projects that are parachuted in from Washington and depend on permanent subsidies.**
- **It means projects that are community based and community led, market oriented – or cost effective, and capable down the road of living on their own.**
- **And that means -- while recognizing that everyone plays a role -- the most important people in the equation are the community**

leaders, the entrepreneurs, the intermediary organizations – our partners -- with the vision, energy, dedication and the commitment to our definition of sustainability to make things happen ...

... one home, one business, one community at a time.

So I am profoundly grateful for what you do. YOU make this work.

The very first Self Help Housing loan was obligated in California in the 1960's. Since then nearly 40,000 low-income rural Americans in nearly 1,800 communities nationwide have become sweat-equity homeowners.

This is a great legacy -- and more importantly, it is not just a legacy; it is an opportunity that you are keeping alive today.

- **Last year, in FY 2005, 1,743 families obtained Section 502 [Single Family Direct] loans totaling \$161 million to finance homes they built under the Self-Help program.**
- **This is fully 14% of the total Single Family Direct Housing Loans that we obligated nationally.**

- **Also last year, 99 Section 523 [Mutual Self Help Housing Technical Assistance] grants were made totaling \$37.2 million. 39 of these were predevelopment grants.**
- **There are currently 132 operating grantees operating in 34 States, Puerto Rico, and the Marshall Islands. Most, I presume, are represented here today. And I hope that each of you is committed to the sustainable, cost-effective development of these projects.**
- **Since the program's inception, over 1,600 technical assistance grants have been made.**
- **You are keeping us busy again this year. Busy is good. So far in 2006, we have obligated 35 grants for a total of \$12.5 million. This is approximately 43% of the available funds.**
- **We have also made 304 new Section 502 self-help loans so far this year for a total of \$28.3 million. By the end of the year, we will be at about last year's figures.**

- **In addition, as you know, our Self-Help housing program serves over 50% minority families. It does so with a lower default rate than our non Self-Help Housing portfolio and even better than FHA's default rate which is not restricted to lower income families. That is a very significant achievement, and it directly reflects your good work. And, for that, I thank you.**
- **There is, however, still more to do. In June of 2002, President Bush challenged the housing community to further increase minority homeownership opportunities. Later that year, USDA announced the Five Star Commitment to Expand Minority Homeownership. One of those Stars was my challenge to this very audience to double the number of Self-Help housing participants by the year 2010. I'm pleased to see that -- working together -- we are well on our way to meeting that goal.**
- **Recognizing USDA's commitment, and your success, President Bush has requested an increase in Section 523 grant funds to \$38 million for Fiscal Year 2007.**

- **That is a proposed increase of over 10% -- and this is in the context of an extremely tight budget year, in which many programs are being frozen or even reduced.**

That is a powerful testament both to the job YOU are doing -- AND to the President's commitment to your mission. It's a big mission. In fact it is much bigger than just the one program we are here to discuss today.

Five years ago, as you will recall, President Bush defined the "ownership society" as a guiding objective for his Administration. While Self-Help Housing is over 40 years old -- long predating this Administration -- "ownership" is in fact what it is still all about.

Ownership, of course, means different things in different contexts. It means encouraging entrepreneurship and home ownership ... personal ownership of one's own retirement funds ... Health Savings Accounts -- which are growing, which give people greater control over their health insurance decisions ... greater accountability and parental choice in education.

Many issues are involved, and on some of them the politics haven't yet caught up with the opportunities. Across the spectrum, however, the guiding principles are the same:

- **Whenever possible, we should empower Americans to take charge of their own lives.**
- **We want to increase economic opportunity.**
- **We want especially to reach out to people of modest means and share with them the kinds of opportunities that more affluent Americans have long taken for granted.**

These things are easy to say. They are much, much harder to do. But one day at a time, one family and one home at a time, YOU are delivering on that promise. And in doing so, you are part of the solution to a lot of problems.

Most of you, I am sure, are already familiar with Creating the Village, How Mutual Self-Help Housing Builds the Community.

This is a report from the Housing Assistance Council supported by the Annie E. Casey Foundation. It's on line. If you've not read it, I hope you will because it confirms systematically what most of you already know intuitively and anecdotally.

- **Self-Help Housing doesn't just put a roof over peoples' heads. It rewards and builds initiative and self-reliance.**
- **It teaches skills that often lead to new opportunities, new careers, new businesses.**
- **It strengthens families and communities. It gives pride to parents, security to children, and stability to neighborhoods.**
- **And for many thousands of lower-income Americans, it provides the first big step up on the ladder to the middle class, with results that echo for generations to come.**

In Creating the Village, there is an especially apt description of how this works: Nicholas Retsinas of Harvard is quoted:

“One way of looking at housing in rural areas” – so says Mr. Retsinas – “is to see it as a safety net: people need a decent place to sleep, they need a stable environment. That net can also be a trampoline. Housing can be an opportunity to bring people together, to give them access to services they aren’t able to get individually, and to empower them.”

I’ve been to a lot of conferences and sat through a lot of meetings, but I’ve never before thought of our programs as a trampoline. But it’s a good image. I wish I’d thought of it first.

When we install a water line or a wastewater treatment system, the point isn’t just immediate service to existing residents. That’s the beginning, but not the end. The larger point is to create in that community the capacity for self-sustaining growth.

The same is true when we invest in a critical access hospital in Salida, Colorado, where I was yesterday ... or provide a loan for a broadband

buildout in south Georgia, where I was last Thursday ... or invest in an ethanol plant in Minnesota or Iowa.

In each of these cases, and in hundreds more each year, we are in fact building a trampoline – a trampoline to enhance wealth creation.

There are extraordinary opportunities in rural America today. You should know that better than most. People who invest hundreds of hours of sweat equity building new homes in rural communities see a brighter future ahead, for themselves, their children, and their communities.

So do I. I am grateful to each and every one of you for what you are doing to turn those opportunities into realities. Thank you.

Thank you for allowing me the privilege of meeting with you today.